

## Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 SAM-01 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 CAB-09 COME-00 DOTE-00 EB-11 FAA-00

LAB-06 SIL-01 TRSE-00 OMB-01 DRC-01 /141 W

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R 061530Z SEP 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0450

INFO AMCONSUL LUANDA

AMCONSUL LOURENCO MARQUES

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMCONSUL FRANKFURT

AMEMBASSY BERN

AMEMBASSY MADRID

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY OTTAWA

AMCONSUL MONTREAL

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E.O. 11652: N/A

TAGS: ETRN PO

SUBJ: SITUATION REPORT ON STRIKE AGAINST FOREIGN AIRLINES

REF: LISBON 3740

SUMMARY: STRIKE AGAINST FOREIGN AIRLINES OPERATING IN  
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PORTUGAL BEGAN EARLY ON SEPTEMBER 6 AND AS OF MIDDAY

WAS STILL IN PROGRESS DESPITE CONTINUING EFFORTS OF THE MINISTRY OF LABOR TO SETTLE THE MATTER. WHILE THE DIFFERENCES DIVIDING THE TWO SIDES HAVE BOILED DOWN TO THE SINGLE ISSUE OF HOW LARGE INDEMNITIES WILL BE IN THE CASE OF DISMISSALS WITHOUT CAUSE, A COMPROMISE SOLUTION MAY STILL BE HARD TO OBTAIN. END SUMMARY.

1. STRIKE AGAINST FOREIGN AIRLINES OPERATING IN PORTUGAL TOOK EFFECT IN EARLY MORNING HOURS OF SEPTEMBER 6 AND WAS STILL HOLDING AT MIDDAY DESPITE CONTINUING EFFORTS OF THE MINISTER OF LABOR TO BRING THE TWO SIDES TOGETHER.

2. WORKERS TOOK LATE-HOUR DECISION (SEPTEMBER 5) FOLLOWING UNSUCCESSFUL EXCHANGE OF PROPOSALS AT MINISTRY DURING THE DAY AND EARLY EVENING. SINGLE ISSUE NOW PREVENTS AGREEMENT: SIZE OF INDEMNITIES TO BE PAID TO EMPLOYEES DISMISSED WITHOUT JUST CAUSE.

3. FOREIGN AIRLINES' ORGANIZATION (RENA) ON SEPTEMBER 5 OFFERED, IN EXCHANGE FOR A NO-STRIKE PLEDGE DURING THE REMAINING MONTHS OF THE EXISTING LABOR CONTRACT (UNTIL DECEMBER 31), TO PAY INDEMNITIES NOW PROVIDED FOR PLUS ANY IMPROVEMENTS THAT MIGHT BE INCLUDED IN THE NEW CONTRACT CURRENTLY BEING NEGOTIATED. ACCORDING TO PANAM OFFICIAL (THERIAGA), WHO WAS PRESENT WHEN RENA OFFER GIVEN TO MINISTER OF LABOR, LATTER TERMED PROPOSAL REASONABLE AND ASSURED RENA REPRESENTATIVES THAT AS A CONSEQUENCE NO STRIKE WOULD OCCUR. (THERIAGA SAYS THAT RENA PROPOSAL WAS IN FACT ONE THAT THE MINISTER HIMSELF HAD SUGGESTED AT AN EARLIER DATE).

4. ON THE EVENING OF SEPTEMBER 5, THE WORKERS, CONTRARY TO THE MINISTER'S EXPECTATIONS, DID NOT ACCEPT THE RENA PROPOSAL AS MADE BUT INSISTED THAT IT BE MODIFIED TO STATE THAT INDEMNITIES TO BE PAID WOULD BE THOSE WHICH THE WORKERS HAVE SPECIFIED IN THEIR DEMANDS MADE IN CONNECTION WITH THE NEW LABOR CONTRACT. IF THAT WAS UNACCEPTABLE, THEY WOULD BE WILLING TO ENTER INTO IMMEDIATE DISCUSSIONS

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OF THOSE DEMANDS, POSTPONING THE STRIKE FOR ANOTHER 24 HOURS.

5. RENA, ACCORDING TO THERIAGA, DID NOT AND CANNOT ACCEDE TO INDEMNITY LEVELS INCLUDED IN WORKERS' BARGAINING DEMANDS. EXISTING CONTRACT PROVIDES UP TO TWO MONTHS' PAY, DEPENDING ON LENGTH OF SERVICE, FOR EACH YEAR WORKED. NEW DEMAND IS FOR UP

TO FIVE MONTHS FOR EACH YEAR OF SERVICE, WHICH THERIAGA SAYS WOULD MAKE COST OF DISMISSAL SO HIGH IN MOST CASES THAT AIRLINES COULD NOT AFFORD THEM. RENA DID, HOWEVER, OFFER TO DISCUSS INDEMNITIES WITH THE WORKERS NEXT WEDNESDAY (SEPTEMBER 11), THE NEXT SCHEDULED MEETING IN THE CONTRACT NEGOTIATIONS, BUT REFUSED TO BE BULLIED INTO HASTY DISCUSSION SEPTEMBER 6. AT THIS POINT, WORKERS' REPRESENTATIVES CALLED FOR THE STRIKE TO TAKE PLACE SEPTEMBER 6.

6. DURING THE MORNING OF SEPTEMBER 6 RENA REPRESENTATIVES AGAIN MET WITH THE MINISTER OF LABOR, WHO TRIED TO CAJOLE THE AIRLINES INTO ACCEPTING THE INDEMNITIES DEMANDED BY THE WORKERS OR AT LEAST GO A LONG WAY TOWARD MEETING THEM. ANOTHER MEETING IS SCHEDULED FOR THE AFTERNOON, BUT THERIAGA SEES LITTLE ROOM FOR ACCOMMODATION BY EITHER SIDE.

7. IN WAY OF BACKGROUND, IT SHOULD BE REPORTED THAT THE AIRLINES PERSONNEL DIRECTORS COMMITTEE (APDC), THE INFORMAL GROUP OF MANAGEMENT PERSONNEL FROM TEN OF THE MAJOR AIRLINES THAT MEETS FROM TIME TO TIME TO DISCUSS MUTUAL PROBLEMS, ASSEMBLED IN ZURICH ON SEPTEMBER 4. AT THE REQUEST OF THE PORTUGUESE MINISTRY OF LABOR, TWO MINISTRY OFFICIALS ATTENDED THAT SESSION TO PRESENT THE CASE AGAINST THE AIRLINES BEING MADE BY THE PORTUGUESE WORKERS. ACCORDING TO AMERICANS PRESENT AT THAT MEETING, NO AIRLINES' OPINIONS WERE CHANGED BUT THE FACT THAT APDC MET WITH THE MINISTRY'S REPRESENTATIVES MEANS THAT THE WORKERS CAN NO LONGER ALLEGE THAT AIRLINES ARE NOT BEING RESPONSIVE BECAUSE HIGHER LEVEL MANAGEMENT IS GETTING A DISTORTED LIMITED OFFICIAL USE

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PICTURE FROM THEIR LOCAL REPRESENTATIVES.

8. COMMENT: THE MOST HOPEFUL NOTE IN THE PRESENT SITUATION IS THAT THE ISSUE HAS NARROWED DOWN TO A SINGLE POINT, THE SIZE OF THE INDEMNITIES, LEAVING THE WAY OPEN FOR A COMPROMISE SOLUTION. REACHING SUCH A COMPROMISE HOWEVER, WILL BE TOUGH, WITH THE WORKERS SEEKING TO MAKE THE COST OF DISMISSALS PROHIBITIVE AND THE AIRLINES SEEKING A COST THAT WILL NOT MAKE STAFF REDUCTION NEXT TO IMPOSSIBLE SHOULD THE NEED ARISE.  
SCOTT

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## Message Attributes

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